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WORLD COTTON PROSPECTS

Summary

The apparent supply of American cotton remaining in the United States decreased during the month of January almost 400,000 bales more than during the same month last season as a result of an increase of more than 70 per cent in exports and only a slight decrease in consumption as compared with January 1931, according to the Bureau of Agricultural Economics. This leaves the apparent supply in the United States on February 1 about 15.7 million bales which is still about 4.0 million bales larger than a year earlier. Most of these increased stocks are located either in public storage and warehouses or on farms, since the amount of cotton held in consuming establishments was only a few thousand bales larger than on February 1, 1931. The heavy export movement in January continued to be largely a result of heavy exports to Japan and China, although most important foreign consuming countries took larger amounts than during January 1931. For the first half of the season total exports of American cotton were 11 per cent larger than in the same period in 1930-31, and were slightly above those of 1929-30. In contrast to the relatively large exports of American cotton so far this season the export movement of Indian cotton from August 1 to February 9 was 49 per cent less than during the same period in 1930-31, and was only slightly more than half as large as in the corresponding period in 1929-30.

While domestic mill consumption during January was smaller than in January of last year and showed less than the usual seasonal advance, the report of the cotton cloth section of the domestic industry was somewhat more favorable, cloth sales being the largest since September, 1929, shipments

and production the largest for almost two years resulting in a substantial increase in unfilled orders and a further decrease in stocks. In Great Britain textile mill activity continues at a rate considerably above that of the early part of the season. Piece goods exports during December and January were considerably higher than in 1930-31 and home trade has been fairly satisfactory; but attempted labor adjustments have been a disturbing factor, although it is recently reported that a definite settlement is nearer. There was no significant change in the cotton textile situation on the Continent during January. The volume of new business was reported unchanged on the whole, although there was some decline in Central Europe and a slight increase in Western Europe and Italy. Currency difficulties and regulations are said to be an important factor in the situation.

The rate of cotton consumption in India so far this season has been above that of 1930-31, and has been almost at record levels, which together with the short crop has reduced the exportable surplus of Indian cotton and resulted in an unusually large amount of American cotton being exported to India. Up to the end of December Japanese mill activity continued at rather high levels and unusually large proportions of American cotton were being used. Exports of cotton cloth, however, have declined very materially for several months. In China military operations and disturbed banking conditions have seriously affected the industry. A large part of the cotton mills of China are located at Shanghai where the disturbances have occurred. In late February a cabled report stated that yarn production in the Shanghai mills was estimated at about 10 per cent of capacity and that the amount of cotton consumed in February at Shanghai was extremely small.

Revised production estimates for a number of foreign countries has necessitated a revision in the estimates of world production both for 1930-31 and 1931-32. The estimated 1930-31 world total including China is now 25.6

million bales or 1.7 million bales smaller than the estimate of the present (1931-32) crop. The estimated production outside of the United States, however, is about 1.3 million bales smaller this season than in 1930-31. The principal countries showing important decreases are India, China, and Egypt. In India alone, preliminary estimates indicated a crop of almost 1 million bales smaller than last season.

Prices

From early January to February 20 there was a fairly steady advance in American cotton prices in domestic markets, and on February 20 the average of the ten spot markets was 6.64 cents per pound. This was 0.89 cents above the price on the first business day of January, 0.32 cents above February 1 and was 1.75 cents above the low point of October 5. Not since before early August when it became known that the present crop would be large, have prices in the ten markets averaged as high as 6.64 cents. Since February 20, prices advanced somewhat further and on February 25 the average of the ten spot markets for Middling 7/8 inch was 6.68 cents. In most foreign markets prices of American cotton in terms of gold have also advanced some during the past month and a half. At Liverpool on February 19 American Middling 7/8 was quoted at 5.95 pence per pound equivalent to 8.56 cents per pound when converted at the rate of exchange existing that day and compares with a price of 7.86 cents on January 15. The average of American Middling and Low Middling at Liverpool during January was only 4.3 per cent above the average of three important types of Indian cotton. During February prices of Indian cotton have shown less strength than prices of American cotton and during the first three weeks of February. American cotton averaged 6.1 per cent above Indian. At Bremen during February prices of Indian cottons also became relatively cheaper as compared with American than during the previous month. About the middle of February the price of four competitive types of Indian cotton averaged practically the same as American Middling, whereas, a month earlier these four types of Indian cotton were 6 per cent higher than American and in December were 1 per cent higher. Indian cotton, however, is still relatively high as compared with American. Prices of Egyptian cotton have also been weaker than prices of American during the past three or four months and about the middle of February Egyptian Uppers at Liverpool were 12 per cent lower than the price of Strict Middling American 1-1/16" at Bremen; whereas, a month earlier they were only 3 per cent below. This is probably about as cheap (relative to American) as Egyptian has been for many seasons.

Stocks and Movement

Apparent supply of American cotton in the United States

Due to much larger exports in January this year than in January 1931, the disappearance (exports plus consumption) of American cotton during the past month was almost 400,000 bales larger than during January 1931, but on February 1 the apparent supply remaining in the United States was still almost 15.7 million bales compared with 11.7 million bales a year earlier and 12.2 million

bales on February 1, 1927. The decrease during January this season was 1,345,000 bales, (919,000 bales due to exports and 426,000 bales due to domestic consumption) and was larger than either last year or the year before.

Stocks at domestic consuming establishments

While the total amount of cotton in the United States at the end of January was about 4 million bales larger than a year earlier, stocks held in consuming establishments were only slightly larger. At the end of January, stocks of raw cotton held by mills in the United States amounted to 1,637,000 running bales compared with 1,618,000 bales a year earlier. For almost a year and a half these stocks reports of the Bureau of the Census have shown that domestic mills have maintained smaller supplies of raw material than in the corresponding period the previous year. With the exception of last year, stocks on January 31 this year were the lowest for that date since 1925.

Stocks of foreign cotton at consuming establishments at the end of January were the lowest for that date since 1918. The 55,000 bales compares with 95,000 bales a year earlier and 96,000 bales two years earlier.

World visible supply cotton outside United States

On February 12 the visible supply of American cotton outside the United States amounted to 1,426,000 running bales compared with 1,789,000 bales at the same time a year earlier, 1,774,000 bales two years earlier, and 2,200,000 bales three years earlier, according to reports of the Commercial and Financial Chronicle. These visible supply figures do not include the cotton in Japan and China and during the past few months these countries have taken unusually large amounts of American cotton. Even so, however, it is true that by far the greatest increase in the supply of American cotton is in that located in the United States.

In the case of foreign grown cotton the world visible supply on February 12 amounted to 1,822,000 running bales compared with 2,481,000 bales twelve months earlier, and 2,708,000 bales at the same time in 1930. In the past the largest item in these visible supply figures of foreign cotton has been the stocks of Indian cotton at Bombay, and, at about February 12 in each of the years 1929, 1930 and 1931 stocks at Bombay have been about 1 million bales. On February 12 this year, however, stocks at Bombay amounted to less than 500,000 bales, reflecting the short Indian crop and the heavy demands by mills in India. The large stocks of Egyptian cotton at Alexandria are not so much a result of large production in 1930-31 or in the present season as of the decreased consumption and a tendency among spinners to decrease the amount of cotton on hand.

Exports of American cotton

Domestic cotton exports during January amounted to 919,000 running bales, an increase of 386,000 bales or 72 per cent over January 1931 and were the largest for the month of January since 1927, according to reports

of the Bureau of the Census. The total exports to all countries for the season to the end of January amounted to 4,754,000 bales which is 475,000 bales or 11 per cent above the first six months of 1930-31 and 63,000 bales above the same period in 1929-30. For the first half of 1931-32 Japan, China and Italy were the only important users of American cotton and took more cotton than in the corresponding period of 1930-31. During each of the three months from November through January, however, France was the only important country which did not take a larger amount of our exports than during the corresponding period in 1930-31. Exports to Great Britain in recent months have shown the greatest improvement when compared with last season due to the fact that exports to Great Britain were maintained at fairly high levels during the first two or three months of last season and then declined sharply, whereas, this season they were unusually low the first two months and since then have been larger. During January exports to the United Kingdom were more than 2¼ times as large as in January 1931, and for the first half of the season were only 10 per cent below the corresponding period of last season. The improvement in exports to Great Britain reflects an improvement in the textile situation which followed the abandonment of the gold standard which resulted in increased activity, larger cloth exports, and increased forwardings of raw cotton to mills. It also reflects some displacement of Indian cotton. The large export movement to Japan and China has been due to such factors as the short Indian and Chinese crops, increased textile activity and the desire of the Japanese to accumulate large stocks of the cheap American staple before the abandonment of the gold standard by the Japanese Government.

Exports of Indian cotton

From August 1 to February 9, total exports of raw cotton from India amounted to only 899,000 running bales compared with 1,759,000 bales during the corresponding period the previous year, or a decrease of about 49 per cent, and were only a little more than half as large as in the corresponding period in 1929-30, according to the Commercial and Financial Chronicle. As the season progresses exports drop farther and farther below last season. The Continent continues to take the smallest amount relative to last season, and during the four weeks ended February 9 took 69 per cent less Indian cotton than in the same period in 1930-31. These low exports reflect both a short crop and increased requirements of Indian mills, for while the crop is expected to be much below last year it is not expected to be as much below as exports or as receipts at Bombay have been. The high rate of consumption by Indian mills is due at least in part to the tendency of India to reduce the use of foreign goods.

Receipts of Indian cotton at Bombay

Up to February 9 receipts of Indian cotton at Bombay for the season totaled 769,000 running bales which compares with 1,748,000 bales and 2,004,000 bales during the same period in 1930-31 and 1929-30, or a decrease

of 56 and 62 per cent respectively, according to reports of the Commercial and Financial Chronicle. During the four weeks ended February 9, Bombay receipts were 243,000 bales, 60 and 63 per cent respectively below the corresponding periods last season and the season before. These low receipts reflect the small crop, increased takings by Indian mills and perhaps some holding tendency on the part of producers.

Receipts and exports at Alexandria Egypt

From August 1 to February 8 receipts of cotton at Alexandria were 6 per cent larger than during the same period in 1930-31, but were 8 per cent below the same period of 1929-30. Total exports during this period were above both last season and the season before, according to figures shown in the Chronicle. Last season, however, there was a change in the normal method of ginning the crop which caused the receipts at Alexandria to lag behind what they ordinarily would have been had the ginning procedure been normal. This, therefore, probably explains why the receipts this season have been larger than last although the crop is expected to be about 27 per cent smaller than in 1930-31. For the season to February 8, exports from Egypt have been about 18 per cent larger than from August 1 to February 8, in 1930-31. During last season the Egyptian Government owned quite a large proportion of the stocks of raw cotton which were being held off the market. A part of this cotton was purchased by the Government in 1929-30, and a part of it was that on which the Government had advanced loans to growers based on the market value of the cotton which was more than the value at the time it was harvested. The Government had advanced loans to growers on seed cotton, and the cotton was stored as seed cotton for a while, probably with the hope that the market would advance. In February last year there was some advance in prices and the Government sold a little over one-fourth of the cotton upon which loans had been made. By May 10, however, the Government started ginning and selling the remainder of this cotton. This explains to some extent the drag in ginnings and receipts at Alexandria last season as well as the low exports. The cotton which was purchased in an effort to stabilize prices was sold only in small amounts prior to February 1931 and at that time the Government declared that no more of this cotton would be sold until after August 31, 1931 and that sales after that date would be made only as the market could absorb it and that not more than 500,000 kantars (equivalent to about 104,000 bales of 478 pounds) would be disposed of annually. The new crop is moving to market freely and with sales out of Government stocks taking place it is, therefore, easy to see why receipts and exports at Alexandria as well as ginning this season up to the end of January were all large compared with last season, whereas, the crop is now estimated at 27 per cent less than in 1930-31.

Textile Situation

Consumption by domestic mills was smaller than in January last year and showed less than the usual seasonal advance. Sales of domestic cotton cloth in January, however, were the largest since September 1929 and shipments were the largest since February 1930, and although production was the largest for twenty-one months, stocks decreased and unfilled orders increased. In European markets conditions during the past month remained at about the same low levels while in the Orient larger proportions of American cotton are being consumed, but in the Shanghai district of China military operations have reduced mill activity. Mill consumption in India continues at rather high levels which together with the short crop has greatly reduced the exportable surplus of Indian cotton. This has brought relatively high prices for Indian cotton and India has imported record amounts of American cotton.

United States

Domestic cotton consumption in January, although above December, increased less than usual. Total consumption in January amounted to 455,000 running bales compared with 416,000 bales in December and 450,000 bales in January 1931, according to reports of the Bureau of the Census. The increase of 4.8 per cent from December to January this season compares with an average increase of 14.0 per cent during the past five seasons. The total consumption for the first half of the season amounted to 2,631,000 bales, 171,000 bales or 7.0 per cent above the 1930-31 period but 20.6 per cent below consumption from August to January 1929-30.

Sales of domestic standard cotton cloth during January averaged 58.2 million yards per week which was the largest average since September 1929 and shipments were the largest since February 1930, according to reports from the Association of Cotton Textile Merchants of New York. The rate of production was also the highest for almost two years, but sales and shipments were sufficient to reduce stocks during the month by 12.5 per cent and to increase unfilled orders by 21.5 per cent.

Great Britain

Compared with the corresponding month last season exports of cotton piece goods from Great Britain showed a steady improvement each month this season until exports in December exceeded those of December 1930 by more than 15 per cent. This was the first month since July 1929 in which total exports to all countries exceeded those of a year earlier. The relative improvement in the British piece goods export situation is due largely to increased exports to India. In each of the three months, October to December, exports to India have been above the same month the previous year and in December were more than 39 per cent greater than in December 1930. In addition there has been some increase in the amount going to China probably as a result of the Chinese boycott of Japanese goods, but in early February the crisis at Shanghai was said to have decidedly affected the shipments of goods to China. British home trade was more optimistic in late January although the partial strike in the Burnley area is a disturbing factor in the situation. In mid-January, however, a definite settlement of the more-looms-per-operative dispute was reported as nearer.

Continental Europe 1/

January brought no significant change in the European cotton textile situation, although the general level of activity in the mills seems to have fallen slightly after assuming an upward tendency during the fall and early winter in many parts of the Continent. The volume of new business booked by the industry during January appears to have undergone little change on the Continent as a whole, with some decline in Central Europe offset by slightly better bookings in Western Europe and Italy. The failure of mill activity to hold up seems to rest substantially upon lack of support from new orders.

Spinner buying of raw cotton during January was limited, although price fixing is reported to have attained considerable importance particularly during the advance in prices in the first half of the month. The impressive resistance of the cotton market to various unfavorable events in recent weeks, which has apparently been based on the evidence of expanding world cotton consumption, and heavy crop deficits in India and China, and reduced crops in other foreign countries has contributed significantly to the better feeling among continental spinners.

Among the factors unfavorable to the continental cotton industry is that of the currency regulations introduced in so many countries, notably in Central Europe. Both Austria and Czechoslovakia, as well as Hungary, have difficulty in procuring foreign exchange necessary for raw cotton purchases, and some complaints are also heard in Germany, though the latter do not seem justified. These exchange restrictions, moreover, are disturbing normal trade in cotton yarn and fabrics among continental countries. Complaint is also increasing in regard to British competition in both domestic and competitive markets, as well as the difficulty of selling to depreciated currency countries, where every effort is being made to prevent prices from advancing.

Germany

Preliminary reports point to the probability of German cotton mill occupation, having undergone a general slight recession during January, both in the spinning and weaving sections. The German spinners and weavers report for December announced very small orders for cotton yarn, with sales on a level considerably below previous months. January report shows sales still restricted with keen competition from British fine yarn. In fabrics, too, pronounced reluctance was evident during December with hand-to-mouth buying general, notwithstanding a considerable stimulus in orders for the Christmas holiday trade, as a result of small stocks in the hands of many retailers and wholesalers, but during January fabric sales were somewhat better although prices were bad. Such buying as developed in December, however, was confined largely to the first half of the month, interest in both yarn and fabrics thereafter being materially influenced by the Government's Emergency Decree and its price reducing regulations, which caused a generally hesitant attitude among buyers.

1/ Based largely on a report from Agricultural Attaché L. V. Steere at Berlin, dated February 5, 1932, supplemented by cable February 18.

It should be noted that the "beginning-of-the-year" sales are reported to have been not unsatisfactory. Results of the annual "white sales" now in progress are not yet apparent, but retail prices of cotton textiles have been sharply reduced, and it is not unlikely that the volume of business will be satisfactory, considering present economic conditions. Reports, furthermore, indicate that the situation, with regard to stocks of finished and semi-finished goods, remain quite favorable throughout textile distributing channels in Germany which is favorable to the maintenance of mill activity and cotton consumption.

Recently published figures show that German cotton spinning and weaving mill activity rose considerably during the fall months. Seasonal factors are a partial explanation, but the improvement was more than seasonal, doubtless due to the necessity of replenishing low stocks to meet current demand. The trend of raw cotton prices during this period may also have been a factor.

The fine spinning mills in Germany continue to make active complaint about serious British competition. This applies particularly to German export markets, in which both German spinners and weavers appear to be finding it almost impossible to compete with British firms. Germany's export sales to England, Scandinavia and Holland have undergone a rather sharp decline.

German spinner interest in raw cotton was relatively good during the first half of January, following the holidays dullness in December, but hand-to-mouth buying was again resumed after the middle of the month. Uncertainty about international political developments is believed to have been an important cause of this quieter trend. Trade reports, however, have repeatedly stated that low grades of American cotton have been the object of particular interest in recent weeks, a reflection, doubtless, of the relatively high prices now prevailing for competitive Indian staples.

The restrictions on foreign exchange prevailing in Germany do not appear, as yet, to have been any great obstacle to import purchases of raw cotton, although it may be true that increased complications involved in the actual doing of business under strict Government supervision have had an obstructive effect in the renewing or repayment of reimbursement credits.

Czechoslovakia

January developments in the Czechoslovakian cotton textile industry are reported to have been unsatisfactory. Some decline in operations seems to have developed, particularly in Bohemia, following a rise in mill activity during the fall months.

Czechoslovakian cloth makers, as well as spinners, complain of exceedingly great difficulty in export business as a result of growing British competition, as well as the restrictive influence of depreciated currency in numerous important markets, such as the Scandinavian countries. Czechoslovakia's most important customers, Austria and Hungary, moreover, have severe import restrictions in their foreign exchange regulations, which are being administered in a manner that almost excludes textile imports, at least for the time being. It is significant that the Czechoslovakian cotton industry is heavily dependent on its export markets.

Austria

Prospects for the Austrian cotton textile industry remain very unencouraging, notwithstanding a certain seasonal pick-up in mill activity during the fall months which was apparently due largely to a flight into "real-values" and was in no way a sound development. At present Austrian cotton spinners and weavers are profiting somewhat from the restriction of cotton yarn and cloth imports through the regulations on foreign exchange, yet at the same time, they are encountering difficulty in procuring currency to pay for raw material. It does not seem, therefore, that cotton consumption will increase in Austria to offset the reduction which Czechoslovakia is experiencing from inability to export.

Real recovery in Austria is dependent upon the return of better conditions in general business.

France

Reports from various sources indicate that for some time the French cotton textile industry and its spokesman in the French Senate have been urgently pressing for Government measures to bring relief, and the position of the industry has continued relatively unsatisfactory through January, notwithstanding some signs of improvement.

Following a period of limited new bookings early in January, spinners reported some revival in orders during the second half in many sections of the country. The same was true of new business for the cloth mills. Toward the end of January other observers also reported a considerable increase in the volume of sales of cotton fabrics to the Indies. Algiers and Tunis were less satisfactory buyers, although takings by both of these countries were better than in previous weeks.

A somewhat better sentiment also seems to have developed on the French raw cotton market in January. The volume of new purchases by spinners was, however, still rather restricted, though price fixing during the month was important.

Another favorable factor for France has been the announcement of important wage reductions without significant resistance on the part of textile workers. It seems reasonable that this development will prove important from the standpoint of the cost problem.

A review of French foreign trade statistics and the figures on cotton mill activity for the past several months shows the following significant developments.

Spinning mill activity during the months of February-June, 1931 was approximately 20 per cent below activity in the same period of 1930, while cotton imports during the comparable period January-May 1931 were only 7 per cent below January-May 1930. These figures point to the accumulation of raw cotton during the first part of 1931, which was actually the case.

In the months of July-November, 1931, on the other hand, French cotton mill activity was 34 per cent below activity in the corresponding months of 1930, while raw cotton imports for the comparable period June-October 1931 dropped as much as 50 per cent below imports in June-October 1930. There seems every reason to conclude, therefore, that stocks of raw cotton in France have been worked down considerably during the last half of 1931 and that is of course favorable to increased purchases once conditions begin to improve. Imports in the month of November, in fact, were less than one-fourth of takings in November 1930 and exports from the United States to France for the first half of the 1931-32 season were 72 per cent below the like period last season.

Italy

Information on cotton textile developments in Italy points to the continuation, well into January, of the tendency toward improvement previously evident. The maintenance of a favorable ratio between sales of new yarn and yarn production connotes a further reduction in stocks and also that the industry is holding to a conservative production policy. Output is evidently being stepped up only where the decline in yarn stocks has gone far enough to make an increase in production advisable. Furthermore, unfilled orders for yarn are considerably higher than a year ago, though not yet up to the levels prevailing at the beginning of 1930. Spinning mill activity has also risen though only to a small extent, as is also true in the cloth mills, with the general level of occupation about equal to that of last year at this time.

Poland

The position of the Polish cotton industry has shown little change in recent weeks from the unsatisfactory conditions hitherto prevailing, but Government measures recently taken seem likely to bring changes in the near future.

With the object of bringing relief from the chaotic conditions which have long prevailed in the Polish cotton textile industry, through steps which will bring some measure of control of production and the raising and maintenance of prices at more satisfactory levels, the Government has adopted a tariff of seven zlotys per 100 kgs. (0.36 cents per pound) on raw cotton. Previously raw cotton entered duty free. The new tariff measure provides, however, that the duty may be reduced to one zloty (.051 cents) on special permit of the Ministry of Commerce. It is reported to be the Government's intention to grant this special duty to the larger cotton mills which have been adherents to the cotton cartel, but to refuse it to the small mills, which in the past have tended to operate independently, unless they will adhere to the cartel agreement or purchase raw material through the larger mills.

Some doubt is expressed as to whether the Government's plan will be of advantage to the industry in the long run. Quotations for yarn have already been advanced and it is expected that prices for fabrics will follow, even though cloth prices in Poland are already considerably higher than in Germany. On the other hand, further reduction in working hours in the spinning

mills has already occurred, as a result of which it is expected that surplus stocks of cotton products will be worked down.

Russia

The production of finished cloth by the Russian textile industry in the first three weeks of January 1932 is reported to have been 137.0 million yards or 1.8 per cent below output in the same weeks last year. Yarn production for the same period is reported as 9.8 per cent above the corresponding figures last year. Indications are, however, that mill activity in January 1931 was below that of the previous year and perhaps below that of 1929.

India

Cotton mills in India have been very active this season. During each of the first six months of the season consumption of Indian cotton in Indian mills has been larger than in the corresponding months of the 1930-31 season. For the first half of the 1931-32 season total consumption of Indian cotton amounted to about 1,208,000 bales of 400 pounds or an equivalent of about 1,011,000 bales of 478 pounds which compares with a consumption of 925,000 bales during the like period last season or an increase of about 9.3 per cent. With the exception of the 1929-30 season the rate of mill activity so far this season in India has been the highest on record. In fact consumption during the August to January period this season was less than 2 per cent smaller than during August to January in 1929-30. Supplies of Indian cotton, however, have been much smaller than in recent years and prices much higher relative to other cottons. This high rate of activity in India reflects the effort on the part of India to eliminate foreign goods.

As a result of the high mill activity and short domestic cotton supplies and the relatively high prices for Indian cotton, India has taken unusually large amounts of American cotton. During the five months August through December exports of American cotton to India amounted to about 73,000 running bales compared with 38,000 bales during the same period last season, an increase of more than 90 per cent, and were more than 50 per cent larger than during the same period in 1926-27.

Japan

The trend of raw cotton prices in Japan during December continued in favor of American which advanced 7 per cent while Indian Oomras rose 8 per cent. Spot yarn was unchanged and yarn futures rose 3 per cent, according to a report from Consul Donovan at Kobe.

Imports of American cotton during December amounted to 253,000 bales compared with 143,000 bales in November and 96,000 bales in December 1930 whereas imports of Indian cotton amounted to only 54,000 bales in December this season compared with 64,000 bales during the preceding December. Sales of American new crop cotton to Japanese mills is reported at 800,000 to 900,000 bales and Indian about 100,000 bales against 500,000 to 600,000 bales during a normal season. Japanese mills were not buying as freely during the third week in January as in late December and early January.

Visible stocks of raw cotton in all Japan at the end of December amounted to 223,000 bales of which American was 186,000 bales compared with 142,000 and 104,000 bales respectively at the same time last season.

Domestic demand for yarn and piece goods was active in January but foreign demand was poor due to high prices. Since the abandonment of the gold standard speculation in yarn and piece goods has forced up prices out of proportion to the fall in the value of the yen, with the result that exporters are in a difficult position. Yarn production in December increased slightly to 229,428 bales of about 400 pounds which compares with 214,000 bales produced in December 1930. Exports of yarn, however, in December amounted to only 3,791 bales compared with 2,631 bales in the preceding December.

Exports of piece goods fell off considerably in December amounting to only 76.3 million square yards against 95.3 million square yards in November and 128.0 million in December 1930. The Chinese boycott and the civil disturbance in India are considered largely responsible for the decline in exports but high prices were also a contributing factor, particularly in view of the lower prices existing for British goods.

China

Disturbed conditions, particularly around Shanghai, where a large part of the cotton mills of China are located, have seriously affected the cotton industry, and yarn production about the middle of February was estimated at only about 20 per cent of capacity, according to a cable from Agricultural Commissioner Dawson at Shanghai. The Japanese mills in and around Shanghai were not operating at that time, but some Chinese mills had opened and were operating part time.

At the time the cable was sent (February 13) no new business in yarn or raw cotton was being done, but some improvement was expected within the next week. With an improvement in shipping conditions yarn is expected to move to Kwangtung and Szechwan. Stocks of raw cotton were quite large with warehouses very congested, but stocks of yarn were not heavy. The tight money situation in native banks has made the handling of bills difficult.

A special summary of the cotton situation at Shanghai was cabled by Mr. Dawson on February 24 in which he reported that only eight Chinese mills were operating part time, one British mill and no Japanese mills were operating. Yarn production at that time was estimated at about 10 per cent of capacity and the amount of cotton consumption in February in Shanghai had been extremely small. Mills were hampered in their operations due to the generally disturbed situation but the worst obstacle was the continued tightness in the currency situation. The native banks are unwilling to transfer funds to foreign banks which results in a suspension of delivery to mills.

Cotton stocks at warehouses, public storage places, wharves and mills was estimated at close to 200,000 bales and a lack of storage space was forcing many steamers to discharge cotton at Kobe and Hongkong.

Exporting of yarn to South China from existing stock was fairly active and mills in the territory adjacent to Shanghai were selling output at profitable prices. Since the outbreak of military operations insurance premiums have gone as high as 5 per cent per month. At the time the cable was sent they were between 1 and 2 per cent on amounts over 20,000 pounds sterling. This only applies to stocks stored along the river as it was impossible to obtain coverage on cotton lying in the northern part of Shanghai or on any Japanese wharf.

Arrivals of cotton at Shanghai by February 24 had almost ceased, due to the lack of warehouse space and the inability of effecting delivery to mills. Importers were asking their home offices for postponement and some possible cancellation of open contracts.

Acreage, Production, Crop Conditions

Revised production estimates for a number of countries have been received during the past month or two which have been sufficient to necessitate a revision in this Bureau's estimates of the world production. This Bureau has long maintained a policy of accepting only the estimates of the official Government crop reporting agency of all foreign producing countries so far as possible unless there is some very good reason to believe that better estimates may be obtained elsewhere. Since this Bureau's world estimates are based upon the estimates of the individual countries any material change in the estimates of the larger producing countries or a change in a number of small countries make it necessary to revise the world total, except of course where revisions for individual countries offset each other. A recent report from the Department of Statistics of India shows that their revised estimates for the 1930-31 crop in India are running about 200,000 bales (of 478 pounds) larger than their previous estimates. Late reports from Russia indicate that the crop in that country during the present season is likely to be at least 100,000 bales smaller than was estimated. Due to these and other minor changes in the estimates for 1930-31 and 1931-32 the estimated world production has recently been revised. For 1930-31 the estimate is now 25,600,000 bales of 478 pounds for the world including China, which compares with a previous estimate of 25,400,000 bales. The revised estimate for the present crop (1931-32) now stands at 27,300,000 bales. This shows an estimated foreign production this season about 1.3 million bales less than in 1930-31, but due to the 3,000,000 bales increase in domestic production the world estimate is about 1.7 million bales larger than last season. It should be remembered that the 1930-31 and the 1931-32 estimates are still subject to further revision since the estimates for the various countries may be further revised.

United States

Ginnings. Up to about January 16 the total domestic cotton ginnings this season amounted to 15,992,000 running bales which was an increase of 634,000 bales over ginnings to December 13 and was only 624,000 bales smaller

than ginnings to the same date during the 1926-27 season. During the same period last season there were 13,594,000 bales ginned. It should be remembered that the bales ginned this season are unusually heavy and probably weigh more than the average weight of the bales for any previous season.

Fertilizer tag sales. Sales of fertilizer tags in the eight most important cotton States, (excluding Oklahoma, a State which uses very little fertilizer) were only 41.8 per cent as large as in January 1931, and, for the two months December and January this season, tag sales in these States were 44.5 per cent of those during the same period in 1930-31. Compared with 1930-31 tag sales for the two months ranged from 17.4 per cent in Georgia to 63.4 per cent for South Carolina.

India

About February 15 the Department of Statistics of the Indian Government issued the fourth forecast of the 1931-32 acreage and the revised estimate for the 1930-31 acreage as of the same date last season. This forecast includes practically the total area, excluding only cotton planted very late in the season which usually constitutes only a small portion of the total. The 1931-32 area was estimated at 23,511,000 acres, only 11,000 acres more than the revised figure for the same date in 1930-31, but the acreage last year was the smallest since 1922-23.

The second forecast of production, which is also the forecast for practically the total crop was released at the same time as the fourth forecast of acreage. This forecast of 3,349,000 bales of 478 pounds compares with the revised estimate for the same time last season of 4,276,000 bales, which is a decrease of about 22 per cent, indicating that the yields this season have been unusually low. Receipts at Bombay continue to run much below previous years substantiating the fact that the present crop is a short one, although a part of the small receipts is probably the result of the relatively strong demand of Indian mills and in part to owners in the interior holding for higher prices.

Egypt

Total ginnings of Egyptian cotton up to February 1 amounted to about 1,003,000 bales at 478 pounds, which compares with 1,106,000 bales ginned during the corresponding period 1930-31 and 1,245,000 bales ginned to February 1, 1930. Relative to the size of the crop, ginnings so far this season have been considerably larger than in 1930-31, due to the fact that the Egyptian Government had advanced the growers a sum in excess of the market value of the cotton at the time it was harvested and, therefore, took the cotton over and stored it in the seed, hoping that the market would advance. Although total ginnings to the first of February were only about 9 per cent below the

corresponding period last season, the estimated production of all cotton was 23 per cent less than 1930-31. Compared with the estimated decrease of about 37 per cent in the production of Sakellaridis, ginnings of Sakellaridis to February 1 were only 29 per cent below last season. Ginnings of other varieties were 3 per cent smaller, while the estimate of the production is 18 per cent smaller.

Brazil

The 1931-32 production of cotton in Brazil is now estimated at 550,000 bales of 478 pounds, based largely on the official estimate of production for ten of the Northern States, which usually produce about 80 per cent of the total crop. This is a downward revision of 50,000 bales from the previous estimate and compares with an estimate of 460,000 bales for the 1930-31 crop. Private estimates which have been cabled to this Bureau place the 1931-32 crop at about 24,000 bales below the above figure.

Russia

No information is available as to the absolute quantity of cotton procured this year by the Russian officials but a recent statement indicated that actual procurings to January 20 were 15.8 per cent above those of last year on the same date. In the past, procurings have been largely completed by January 20, and, an increase of 15.8 per cent over the procurings reported for last year would mean a total procurement of between 1,800,000 and 1,900,000 bales of ginned cotton, depending upon the proportion of lint to seed cotton.

Anglo-Egyptian Sudan

The preliminary estimate of the 1931-32 Sudan crop released by the Sudan Government placed the present crop at between 155,000 and 176,000 bales of 478 pounds which compares with a final estimate of 106,000 bales for 1930-31. On the reported acreage planted to cotton this season the above estimate would give a yield per acre between 208 and 236 pounds which would be somewhat above the average for five years 1924-25 to 1928-29 and much above the low yield of 1930-31 which, due to disease and insect damages, resulted in the lowest yield since 1924-25. The preliminary estimate made at the same time last year indicated a yield much above the final yield.

Table 1.- Cotton: Acreage and production in countries reporting for 1931-32, with comparisons

Item and country	1928-29	1929-30	1930-31	1931-32 preliminary	Percentage 1931-32 is of 1930-31
	1,000	1,000	1,000	1,000	
ACREAGE	acres	acres	acres	acres	Per cent
United States	45,341	45,793	45,091	40,495	89.8
India 1/	26,256	25,177	23,500	23,511	100.0
Russia	2,288	2,550	3,870	5,281	136.5
China	4,847	5,133	5,228	5,078	97.1
Egypt	1,805	1,911	2,162	1,747	80.8
Uganda	699	603	740	876	118.4
Chosen (Korea)	503	456	473	461	97.5
Anglo Egyptian Sudan	315	369	387	356	92.0
Mexico	502	492	390	319	81.8
Syria and Lebanon	19	60	60	76	126.7
Bulgaria	13	14	13	13	100.0
Italian Somaliland	20	27	19	10	52.6
Eritrea	6	6	7	6	85.7
Algeria	12	14	10	3	30.0
Italy	-	8	9	2	22.2
Total above coun.	82,626	82,673	81,959	78,234	
Estimated world total	87,400	87,700	86,700	81,000	93.4
	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	
PRODUCTION					Per cent
United States	14,478	14,828	13,932	16,918	121.4
India 2/	4,747	4,149	4,276	3,349	78.3
Russia	1,250	1,310	1,550	3/ 1,900	122.6
China	2,466	2,116	2,250	1,800	80.0
Egypt	1,672	1,768	1,661	1,286	77.4
Brazil	525	384	460	4/ 550	119.6
Mexico	278	246	178	207	116.3
Uganda	171	108	156	170	109.0
Anglo Egyptian Sudan	142	139	106	5/ 166	156.6
Chosen	150	139	154	136	88.3
Syria and Lebanon	4	14	12	17	141.7
Tanganyika	28	23	19	12	63.2
Australia	5	8	10	10	100.0
French Equatorial Africa	1	3	7	5	71.4
Bulgaria	3	4	4	5	125.0
Italian Somaliland	7	8	3	4	133.3
Eritrea	1	1	2	2	100.0
Italy	-	3	4	1	25.0
Algeria	6	8	5	1	20.0
Total above countries	25,934	25,459	24,789	26,539	
Est. world total	26,900	26,500	25,600	27,300	106.6

Compiled by the Division of Statistical and Historical Research, partly from information received through the Foreign Agricultural Service. Official sources and International Institute of Agriculture unless otherwise stated.

Notes on following page. Contd.-

Table 1.- Cotton: Acreage and production in countries reporting for 1931-32, with comparisons (continued)

Notes:

1/ Fourth forecast of acreage, which includes total area except late plantings.
2/ Second forecast of production which includes total crop except late plantings.
3/ Estimate of this Bureau.
4/ Based on official estimate of the Brazilian Government for northern Brazil (10 States) which during the past few years have produced a little over 80 per cent of the total Brazilian crop.
5/ Estimated as being between 155,000 and 176,000 bales.

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